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Illinois Department of  
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## Governor Pritzker Signs Illinois Banking Development Districts Act

*New program incentivizes new bank branches in underserved communities*

**CHICAGO** – Governor Pritzker signed [HB 5194](#), the Illinois Banking Development Districts Act, into law on Friday. Sponsored by State Senator Doris Turner (D-Springfield) and State Representative La Shawn Ford (D-Chicago), this legislation creates a new incentive program for the creation of bank branches in underserved communities. The program uses public linked deposits and Community Reinvestment Act (CRA) examination standards to attract bank branches to underserved communities, similar to a program in New York

Like the New York program, banks and local governments in Illinois will jointly create a plan for a new banking development district in an area of need. The Illinois Department of Financial and Professional Regulation will evaluate these plans in consultation with the Illinois State Treasurer and approve plans that create consumer friendly bank options in underserved areas.

The number of bank branch closures has increased significantly since the onset of the COVID-19 pandemic. In 2021, 2,927 bank branches closed nationwide, an increase of 38% from 2020. One hundred fifty-three of those branch closures were in Illinois, mostly coming from large commercial banks.

“There are millions of people around the country and in Illinois, who due to the barriers of account balances and minimum deposit requirements, do not have a reliable bank,” said **State Senator Doris Turner (D-Springfield)**. “This law will allow for communities to take a stand and create the conditions that allow for a more equitable banking experience.”

“When residents do not have adequate access to banking services, they often turn to payday loans, pawn shops and predatory lenders that may hurt their financial stability,” said **State Representative La Shawn Ford (D-Chicago)**. “That’s why this measure is an important step in encouraging the establishment of needed bank branches and financial services in areas that have large underbanked populations.”

“We have seen what happens when households lack access to basic safe banking products,” said **Chasse Rehwinkel, Director of the Division of Banking**. “Unbanked individuals who don’t use a prepaid card that offers direct deposit pay about \$180 per year just to access their own money—an unacceptable cost to individuals living paycheck-to-paycheck. The creation of Banking

Development Districts in Illinois will provide policymakers another tool for improving financial equity in underserved communities across the state.”

The New York Banking Development Districts program has been active since 1997 and has led to over 30 new banking development districts, over 60,000 new banking accounts, and generated over \$500 million in new credit to underserved households.